

Board of Trustees Adopts 2026–2027 Rates

Rate and Coverage Changes Across All Lines

TML Risk Pool Member cities and local government entities will soon receive their fiscal year 2026-2027 coverage declarations, following action by the Pool’s Board of Trustees at its April meeting. The adopted rates reflect current actuarial data, evolving loss trends, and the Pool’s continued commitment to long-term financial stability for the cities it serves.

While portions of the commercial insurance market continue to experience volatility (particularly in auto liability and property exposures) the Pool’s approach remains focused on rate stability, equitable cost allocation, and protecting the long-term strength of the Membership. The result for 2026-2027 is encouraging: **workers’ compensation rates are decreasing for a third consecutive year**, cyber pricing is holding steady, several liability lines are flat or down, and property losses have moderated after considerable spikes over the last decade. Auto liability, however, continues to drive cost pressure across the industry, and the Pool is not immune.

The overall weighted rate impact for municipal Members is **0.5 percent**, resulting in an estimated 3.6 percent change in contributions. Across all Members, the overall weighted impact is 0.8 percent, with an estimated 3.9 percent change in contributions. As always, the overall figure does *not* mean any single city will see that exact change. Each Member’s final contribution depends on its own experience, classifications, payroll, property values, exposures, and selected coverages. Your Risk Management Advisor will contact you directly to review how these changes affect your entity.

2026-2027 Rate Changes at a Glance

Coverage Line	Rate Change	Of Note
Workers’ Compensation	- 8.2%	Third straight year of reductions (Firefighters & Ambulance -10%, Police & Clerical -7%)
Liability	+ 8%	Driven by Auto Liability (+20%); GL flat, LEL & E&O -5% each, APD + 5%
Property	+ 1.5%	Municipal flat, non-municipal +2%, plus 5% inflationary value factor
Cyber	No Change	New “Premier” tier added
Overall Weighted Impact	+ 0.5% municipal / + 0.8% all	3.6% / 3.9% estimated contribution change

Decreases shown in green, increases in red. Figures represent rate changes, not final contributions.

Workers’ Compensation: Another Year of Rate Relief

The Workers’ Compensation Fund continues to perform well following the post-pandemic stabilization period, and the Board is passing those savings on to Members.

The Board approved an overall **8.2 percent pool wide rate reduction**, translating to an estimated 7.4 percent decrease in contributions (roughly \$6.57 million before payroll changes are

considered). This marks the third consecutive year of workers' compensation rate reductions, reflecting improving loss performance, stabilized claims trends, and the Pool's continued emphasis on safety, training, and loss prevention.

Key reductions by classification include a **10 percent decrease** for paid Firefighters and Ambulance Services and a **7 percent reduction** for paid Police Officers and Clerical Office staff.

Liability: Auto Costs Continue to Drive Increases

The most significant pressure on the Liability Fund continues to be Auto Liability. Rising bodily injury severity, escalating litigation costs, inflationary repair and medical expenses, and larger jury verdicts continue to affect municipal auto claims across Texas and nationwide.

The overall Liability rate change is **8 percent** (approximately \$7.1 million), but the picture varies significantly by line:

- **Auto Liability: +20%.** Auto Liability generates more claims and higher indemnity costs than any other liability line. Territorial rates were adjusted to better align pricing with localized loss experience and roadway conditions across Texas.
- **General Liability: No Change.** Stable loss experience supports flat rates.
- **Law Enforcement Liability and Errors & Omissions: -5% each.** Favorable loss trends allow reductions in both lines.
- **Auto Physical Damage: +5%.** Repair-cost inflation and elevated hail activity continue to push severity upward.

As part of the annual coverage review, **Auto Catastrophe (ACAT) coverage is being discontinued** as a separate option and folded into the Auto Physical Damage structure, where it is more appropriately handled.

Property: Modest Increases, Favorable Reinsurance Market

The Property Fund continues to strengthen, with Members' Equity improving over the past year and moving into a more sound position consistent with the Board's equity goal. For municipal Members, Real and Personal Property rates will remain flat, while non-municipal Members will see a modest **2 percent** increase, for an overall Property rate change of about 1.5 percent.

As in prior years, a **5 percent inflationary factor** will be applied to all building and contents values to help maintain adequate insurance-to-value coverage and reflect ongoing construction-cost increases in Texas. When combined with that adjustment and updated surcharges, the projected contribution change for municipal Members is approximately 6.6 percent. Members should review their property schedules and insured values each year to confirm that all structures are listed and municipal assets are properly protected.

Cyber: Stable Pricing and a New Premier Tier

The Pool's partnership with Cowbell Cyber, effective October 1, 2025, has performed well, delivering enhanced monitoring, improved operational visibility, and broader protection. As a result, **cyber rates will not increase for FY 2026-2027** across any existing tier.

The Board also approved a new “**Premier**” tier to bridge the gap between the standard Core Plus program and individually underwritten excess placements through Risk Placement Services (RPS). The tier is designed for Members with annual revenues below \$100 million that need higher limits but are not yet large enough for a separate placement. In a related change, **Computer Fraud coverage currently within the Property program is being discontinued** and redirected to Cyber Liability, where the exposure is more appropriately addressed.

Minimum Contributions. Some Members will see a modest increase in their minimum contribution to cover the administrative cost of membership. For FY 2026-2027, each coverage minimum contribution is increase by \$25 with the combined minimum across all lines totaling \$5,645.

Member-Owned, Member-Governed, Member-Driven

The Pool’s Board of Trustees, which is composed largely of local government officials, takes rate decisions seriously because they understand the real consequences for local budgets, operations, and the taxpayers who support them. Those decisions are guided by the Pool’s Membership Philosophy, which recognizes that the Pool is a partnership among its Members, not a transactional insurance arrangement.

Unlike the commercial insurance market, which measures success through profit, the Pool measures success by protecting people and property, stabilizing costs year to year, and delivering long-term value to Texas cities. Put simply, the Pool is Member-owned, Member-governed, and Member-driven, and is designed to protect the promise that our cities make to one another.

Members with questions about their renewal, contributions, or coverage changes are encouraged to contact their Risk Management Advisor directly. Please visit www.tmlirp.org and click **Contact Us**.